

**Summary of Memorandum of Understanding  
Between Young Brothers, Department of Transportation and Department of Commerce  
and Consumer Affairs on Less than Container Load Cargo**

**Background:**

Young Brothers (YB) filed an application with the state Public Utilities Commission (PUC) on April 13, 2006 to discontinue Less than Container Load (LCL) service to and from Kahului Harbor, effective January 1, 2007. During PUC public hearings on that request, YB indicated that due to concerns about lack of space at its harbor facilities, it would likely seek to discontinue LCL service elsewhere in the state in the next two years.

In recent weeks, representatives of Young Brothers, Dept. of Transportation, Dept. of Commerce and Consumer Affairs (whose Division of Consumer Advocacy represents the public in proceedings at the Public Utilities Commission) and Dept. of Business, Economic Development, & Tourism have been meeting to see if a resolution could be reached that would preserve LCL service in Kahului and elsewhere in the state.

**Key Terms of MOU:**

YB agrees to provide LCL service (both palletized and mixed) for Kahului and Hilo until at least January 1, 2010, and for Kona, Honolulu, Moloka'i, Lana'i and Lihue until at least January 1, 2012.

Once those commitments expire, any proposal by YB to terminate LCL service at that time would be subject to review by the PUC. The MOU notes that the state does not support the termination of LCL service and reserves the right to oppose any future request by YB to terminate the service.

YB will withdraw its current application before the PUC asking to discontinue LCL service for Kahului.

DOT will provide YB with additional land and improvements in Kahului, Honolulu, Hilo and Kona.

Those improvements include:

- **Improvements at the Kahului Harbor**
  - Provide additional operating space at the A&B property following its acquisition by:
    - Closing the Ala Luina interior circulation roadway;
    - Re-orienting the existing tenant parking;
    - Repositioning existing fences; and
    - Undertaking minor paving of lawn areas on the A&B property.
  - Reduce the allocation of area previously identified for use by the Hawai'i Superferry in the Pu'unene Yard to provide YB with more cargo handling space.
  - Remove the Pier 1 and Pier 2 Sheds and prepare the surface underlying the Pier 1 Shed (so that this space may be used for purposes of staging YB's containers on chassises) and cap utilities as appropriate, but leave in place and fully functional the existing restroom facilities.

- **Additional Space and Improvements at Honolulu Harbor**
  - Provide YB with additional space by making the former Daishowa Property available on January 1, 2007.
  - Demolish the Pier 40 Shed and YB's current Administrative Buildings to provide for the efficient utilization of space for cargo handling operations.
- **Additional Space and Improvements at Hilo Harbor**
  - Complete the planned construction of (and making available to YB) the new Pier 4 inter-island cargo terminal facility.
- **Additional Space and Improvements at Kawaihae Harbor**
  - Pave and make available additional space just north (*mauka*) of the current HDOT Harbor Agent Office and generally bordered to the west by the petroleum storage area, to the north (*mauka*) by Kawaihae Road, to the south (*makai*) and east by the YB's terminal facility.
  - Demolish the pier shed to provide for the efficient utilization of space for cargo handling operations.